90-1339

No.

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

VULCAN EQUIPMENT COMPANY LIMITED,
VULCAN EQUIPMENT COMPANY, INC.,

Petitioners,

v.

CENTURY WRECKER CORPORATION,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

THOMAS G. SCAVONE*
TIMOTHY J. HALLER
Niro, Scavone, Haller & Niro
181 West Madison Street,
Suite 4600
Chicago, Illinois 60602-4515
(312) 236-0733

Attorneys for Vulcan Equipment Company Limited and Vulcan Equipment Company, Inc.

*Counsel of Record

Merrill Corporation — Chicago

QUESTION PRESENTED

Whether the Federal Circuit Court of Appeals has improvidently overturned fifty years of settled Supreme Court precedent by ruling that, in light of the recent amendments to the general venue statute contained in 28 U.S.C. § 1391(c), the first clause of 28 U.S.C. § 1400(b) now defines a corporate defendant to "reside" in any judicial district in which that corporation is subject to personal jurisdiction at the time the action is commenced.

PARTIES TO THE PROCEEDING

This Petition seeks review of the decision of the Court of Appeals for the Federal Circuit affirming the decision of the District Court in action No. CIV-1-89-310. Respondent, Century Wrecker Corporation, a Delaware corporation, having its principal place of business at 8503 Hilltop Drive, Ooltewah, Tennessee 37363, was the only plaintiff in the District Court.

In addition to petitioners, Vulcan Equipment Company Limited, a Canadian corporation, having its principal place of business at 350 Progress Avenue, Scarsborough, Ontario, Canada MIP 4R3, and Vulcan Equipment Company, Inc., a Mississippi corporation, having its principal place of business at 8530 Sandidge Road, Olive Branch, Mississippi 38654,[1] the following was also a defendant in the District Court:

Holmes International, Inc.	a Tennessee corporation 2505 East 43rd Street Chattanooga, Tennessee 37407

[1] There are no parent companies or subsidiaries of either of the petitioners.

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No.

IN THE

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OCTOBER TERM, 1990

CENTURY WRECKER CORPORATION,

Respondent,

v.

VULCAN EQUIPMENT COMPANY LIMITED,
VULCAN EQUIPMENT COMPANY, INC.,

Petitioners.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Vulcan Equipment Company Limited ("Vulcan Ltd."), and Vulcan Equipment Company, Inc. ("Vulcan, Inc."), respectfully pray that a Writ of Certiorari issue to review the judgment entered by the Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The opinion of the District Court is reported at *Century Wrecker Corp.* v. *Vulcan Equipment Co. Ltd.*, 733 F. Supp. 1170 (E.D. Tenn. 1989). The opinion of the Court of Appeals on the merits is reported at *Century Wrecker Corp.* v. *Vulcan Equipment Co. Ltd.*, No. 90-1287, (Fed. Cir. Nov. 16, 1990) (LEXIS No. 18553) (A1-A2).

JURISDICTION

The judgment of the Court of Appeals is dated November 16, 1990. A Suggestion for Hearing in banc was filed

before oral argument, and was declined on December 12, 1990. (A28)

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTES INVOLVED

The issue in this case involves the interpretation and interrelation of two statutory provisions:

> 28 U.S.C. § 1391(c) — For purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced. In a State which has more than one judicial district and in which a defendant that is a corporation is subject to personal jurisdiction at the time the action is commenced, such corporation shall be deemed to reside in any district in that State within which its contacts would be sufficient to subject it to personal jurisdiction if that district were a separate State, and, if there is no such district, the corporation shall be deemed to reside in the district within which it has the most significant contacts.
>
> 28 U.S.C. § 1400(b) — Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

STATEMENT OF THE CASE

I. NATURE OF THE CASE AND PROCEEDINGS BELOW

Respondent, Century Wrecker Corporation ("Century"), filed a patent infringement action in the United

States District Court for the Eastern District of Tennessee against Petitioner, Vulcan Ltd. and Holmes International, Inc. ("Holmes"). Vulcan Ltd. filed a responsive Motion to Dismiss for lack of personal jurisdiction, improper venue, misjoinder of defendants or, in the alternative, for severance and transfer to the United States District Court for the Northern District of Mississippi. That motion has not been decided. Century later filed a Motion to Amend the Complaint to add Vulcan, Inc., Vulcan Ltd.'s Mississippi-based sister corporation, as an additional defendant. Over Vulcan Ltd.'s objections, including improper venue, the district court granted Century's Motion to Amend, holding that the term "resides" in § 1400(b) was redefined by the recent amendments to 28 U.S.C. § 1391(c), thus making venue over Vulcan, Inc. proper in the Eastern District of Tennessee.[1] Vulcan Ltd. moved the district court to reconsider its decision or to certify the issue for appeal.

On February 14, 1990, the district court denied Vulcan Ltd.'s Motion to Reconsider but granted its Motion for Certification of the Issue. The United States Court of Appeals for the Federal Circuit granted Vulcan Ltd.'s Petition for Permission to Appeal on March 22, 1990. The precise issue in this appeal was also heard by the Federal Circuit three weeks prior to the oral argument in this case in *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990).[2] In *VE Holding* the court of appeals decided that the term "resides" in § 1400(b) had been changed and that the definition of "resides" in § 1391(c) now applied to patent infringement cases. In its decision, the Federal Circuit

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[1] This is in direct conflict with this Court's holding in *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222 (1957). In *Fourco*, this Court reaffirmed the prior interpretation of the patent venue statute wherein a corporate defendant was deemed to "reside" only in its state of incorporation. *Id.* at 226.

[2] The Federal Circuit also granted an appeal on the same issue and decided the issue on the briefs in *Ross v. Tuerk*, No. 90-1075 (Fed. Cir. November 8, 1990) (LEXIS No. 19766) (A16-A18).

distinguished the opinion of this Court in *Fourco Glass Co.* v. *Transmirra Prods. Co.*, 353 U.S. 222 (1957). On November 16, 1990, the Federal Circuit affirmed the decision of the district court in this case, citing its decision in *VE Holding*, issued three weeks earlier.

II. STATEMENT OF THE FACTS

Vulcan Ltd. is a Canadian corporation having a principal place of business in Ontario, Canada. Vulcan, Inc. is a Mississippi corporation having a principal place of business in Olive Branch, Mississippi. Both Vulcan companies manufacture and sell tow trucks and towing equipment. Century competes directly with both Vulcan companies and is the owner of United States Letters Patent Nos. 4,679,978 (the '978 patent) and 4,836,737 (the '737 patent), both for "Wheel Lift Towing Assembly".

Century has charged Vulcan Ltd. and Vulcan, Inc. with infringement of the '737 patent. Vulcan Ltd. does not manufacture, sell or distribute any of the products alleged to infringe the '737 patent in the United States. Vulcan, Inc. has responsibility for, and makes, all sales in the United States of that equipment allegedly claimed to infringe the '737 patent. Vulcan, Inc. does not maintain or control any place of business or commercial facility from which sales are made within Tennessee; however, it does business within Tennessee.

REASONS FOR GRANTING THE WRIT

III. THE DECISIONS BELOW ARE IN CONFLICT WITH FIFTY YEARS OF SUPREME COURT PRECEDENT

Both the decision of the district court and the decision of the court of appeals are in direct and irreconcilable conflict with the holdings of this Court in *Fourco Glass Co.* v. *Transmirra Prods. Corp.*, 353 U.S. 222 (1957) and *Stonite Products*

Co. v. *Melvin Lloyd Co.*, 315 U.S. 561 (1942). In *Fourco*, this Court held:

> 28 U.S.C. § 1400(b), 28 U.S.C.A. § 1400(b) is the sole and exclusive provision controlling venue in patent infringement actions, and . . . it is not to be supplemented by the provisions of 28 U.S.C. § 1391(c), 28 U.S.C.A. § 1391(c).

353 U.S. at 229. Reaffirming its earlier holding in *Stonite*, this Court stated:

> unless there has been a substantive change in what was § 48 of the Judicial Code at the time the *Stonite* case was decided [now § 1400(b)] . . . it is evident that statute would still constitute "the exclusive provision controlling venue in patent infringement proceedings."

Fourco, 353 U.S. at 225. It is undisputed that Congress did not amend § 1400(b) when drafting the Judicial Improvements Act of 1988.[3]

Both the District Court and the Court of Appeals chose to disregard the controlling decisions of this Court, instead claiming that *Fourco* was distinguishable because it dealt with different statutory language than that at issue in the present case. *See, e.g., VE Holding Corp.*, 917 F.2d at 1579 ("Section 1391(c) as it was in *Fourco* is no longer. We now have exact and classic language of incorporation: 'For purposes of venue under this chapter . . . . '"); *Century Wrecker Corp.* v. *Vulcan Equip. Co. Ltd.*, 733 F. Supp. 1170, 1172 (E.D. Tenn. 1989) ("As set forth above, § 1391(c) now begins by

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[3] In drafting the provisions of the Judicial Improvements Act of 1988 at issue here, Congress did amend § 1400(a), the copyright venue statute.

stating '[f]or purposes of venue *under this chapter* . . . . '"). The *Fourco* Court, however, rejected this specific argument:

> [t]he main thrust of respondents' argument is that § 1391(c) is clear and unambiguous and that its terms include all actions — including patent infringement actions — against corporations, and, therefore, that the statute should be read with, and as supplementing § 1400(b) in patent infringement actions. That argument is not persuasive, as it merely points up the question and does nothing to answer it. For it will be seen that § 1400(b) is equally clear and, also, that it deals specially and specifically with venue in patent infringement actions. Moreover, it will be remembered that old § 52 of the Judicial Code, 28 U.S.C. (1940 ed.) § 113, was likewise clear and generally embracive, yet the *Stonite* case held that it did not supplement the specific patent infringement venue section . . .'.

Fourco, 353 U.S. at 228. Thus, this Court specifically reasoned that the inclusiveness of § 1391(c) is immaterial because § 1400(b) is "the sole and exclusive provision controlling venue in patent infringement actions." Id. at 229. Neither the district court nor the court of appeals recognized this Court's pronouncement and, thus, their decisions are in direct and irreconcilable conflict with the precedent of this Court in *Fourco* and *Stonite*.

Moreover, in attempting to distinguish *Fourco*, the Federal Circuit relied on this Court's decision in *Brunette Machine Works* v. *Kockum Indus.*, 406 U.S. 706 (1972). In *VE Holding*, the Federal Circuit said:

> it is sometimes said that, since *Fourco*, the only way to change the way that venue in patent infringement actions is determined is to change § 1400(b). This argument fails, however, because the Supreme Court, in *Brunette*, 406 U.S. 706, refused to impose

> such a disablement on Congress' ability to enact or amend legislation . . . . The Court held that § 1391(d) applied [to alien corporations] and that § 1400(b) was supplemented by the provision governing suits against aliens. *Fourco* and *Stonite* were distinguished.

917 F.2d at 1579.

The Federal Circuit's reliance on *Brunette*, however, is misplaced because *Brunette* cites *Fourco* with approval, acknowledging that:

> *Fourco* held that venue in patent cases is not affected by § 1391(c), which expands for general venue purposes the definition of the residence of a corporation.

Brunette, 406 U.S. at 711. Further, this Court stated that:

> in 1897 Congress placed patent infringement cases in a class by themselves, *outside the scope of general venue legislation.*

Id. at 713. (emphasis added). Thus, the very case the Federal Circuit cited to distinguish this Court's decisions in *Fourco* and *Stonite* actually supports Vulcan's contention that § 1400(b) is the sole and exclusive provision governing venue in patent infringement actions and that it is not to be supplemented by § 1391(c).

IV. THIS ISSUE IS AN IMPORTANT QUESTION OF FEDERAL LAW WHICH SHOULD BE DECIDED BY THE COURT

As the Court of Appeals for the Federal Circuit noted in its decision in *VE Holding*, "this is a case of first impression." 917 F.2d at 1575. The scope of § 1391(c) as now enacted has not been determined by this Court. Moreover, the issue presented here is one of significance to the public — a change in the venue law for patent infringement actions will affect

the choice of forum in virtually every case filed because almost all patent infringement defendants these days are corporations.

This issue has also generated much controversy and debate in the lower courts. Until the Court of Appeals for the Federal Circuit decided the issue in *VE Holding Corp.* v. *Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990), the district courts had produced conflicting answers to the question presented. *See, e.g., Regents of the Univ. of Calif.* v. *Eli Lilly & Co.*, 734 F. Supp. 911 (N.D. Cal. 1990) (amended § 1391(c) supplements § 1400(b)); *Joslyn Mfg. Co.* v. *Amerace Corp.*, 729 F. Supp. 1219 (N.D. Ill. 1990) (§ 1400(b) remains unaffected by amendments to § 1391(c)); *Century Wrecker Corp.* v. *Vulcan Equip. Co. Ltd.*, 733 F. Supp. 1170 (E.D. Tenn. 1989) (§ 1391(c) supplements § 1400(b)); *Doelcher Prods., Inc.* v. *Hydrofoil Int'l. Inc.*, 735 F. Supp. 666 (D. Md. 1989) (§ 1400(b) remains unaffected).

There have also been several unreported decisions on this issue. *See, e.g., Hale Fire Pump Co.* v. *Iowa-American Firefighting Equip. Co.*, No. 89-7739 (E.D. Pa. April 3, 1990) (A3-A5) (amended § 1391(c) does not supplement § 1400(b)); *Penda Corp.* v. *Durakon Indus.*, No. 90-C-186-S (W.D. Wis. May 31, 1990) (A6-A10) (amended § 1391(c) applies to § 1400(b)); *Re-Henter, Inc.* v. *EPI Prods.*, No. CV 90-00072 JGD (C.D. Cal. March 20, 1990) (A11-A14) (amended § 1391(c) does supplement § 1400(b)); *Ross* v. *Tuerk*, No. JH-89-2487 (D. Md. October 19, 1989) (A15) (§ 1400(b) is not supplemented by amendments to § 1391(c)).

This issue has generated much commentary and controversy among members of the bar. *See, e.g.*, 39 Pat. Trademark & Copyright J. 425-26 (March 29, 1990) (A19-A22) (discussing various opinions and legislative history of amendments to § 1391(c)); ABA Section of Patent, Trademark and Copyright Law, 1989 Summary of Proceedings pgs. 20, 44 (1990) (A23-A27) (ABA favors repeal of § 1400(b) and for

determinations of venue in patent infringement actions to be governed solely by § 1391(c)).

Thus, this issue is of great interest not only to the parties to this dispute, but also to other litigants and members of the bar as well as corporations which may be a defendant in future patent infringement proceedings. It is an important question of federal law which should be finally decided by this Court.

CONCLUSION

For the foregoing reasons, Petitioners respectfully request that the Court grant their Petition for a Writ of Certiorari.

Respectfully submitted,

THOMAS G. SCAVONE
TIMOTHY J. HALLER
Niro, Scavone, Haller & Niro
181 West Madison Street
Suite 4600
Chicago, IL 60602-4515
(312) 236-0733

Attorneys for Vulcan Equipment Company Limited and Vulcan Equipment Company, Inc.

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90-1287

United States Court of Appeals
FOR THE FEDERAL CIRCUIT

CENTURY WRECKER CORPORATION,

Plaintiff-Appellee,

v.

VULCAN EQUIPMENT COMPANY LIMITED,
VULCAN EQUIPMENT COMPANY, INC.,
and HOLMES INTERNATIONAL, INC.,

Defendants-Appellants.

DECIDED: November 16, 1990

Before ARCHER, CLEVENGER AND RADER, *Circuit Judges.*

ARCHER, *Circuit Judge.*

This appeal was filed by Vulcan Equipment Company Limited, Vulcan Equipment Company, Inc., and Holmes International, Inc. (Vulcan) from the Order, dated December 14, 1989 (CIV-1-89-310), of the United States District Court for the Eastern District of Tennessee, adding Vulcan Equipment Company, Inc. as a party defendant, and the court's Memorandum and Order, dated February 14, 1990, on reconsideration in which it certified for interlocutory appeal the following question:

> [W]hether, in light of the recent amendments to the general venue statute contained in 28 U.S.C. § 1391(c), the first clause of 28 U.S.C. § 1400(b) now defines a corporate defendant to "reside" in any judicial district in which that corporation is subject to personal jurisdiction at the time the action is commenced?

We granted the petition for permission to appeal on May 22, 1990. 28 U.S.C. § 1292(b), (c) (1982).

At oral argument, as well as in a prior filed motion, Vulcan stated that the recent decision of this court in *VE Holding Corp.* v. *Johnson Gas Appliance Co.*, Nos. 90-1270, 90-1274, slip op. (Fed. Cir. Oct. 24, 1990), decided the "precise issue" that is on appeal in this case. Accordingly, the certified question is answered in the affirmative, and the Order of the district court, dated December 14, 1989, underlying the certified question is *affirmed* on the basis of the *VE Holding Corp.* decision.

IN THE

United States District Court

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

HALE FIRE PUMP COMPANY vs. IOWA-AMERICAN FIREFIGHTING EQUIPMENT COMPANY, INC. AND MARTIN H. VITALE	CIVIL ACTION NO. 89-7739

ORDER

AND NOW, to wit, this 30th day of March, 1990, upon consideration of the Motion of defendant, Iowa-American Firefighting Equipment Company, Inc. ("Iowa-American"), for Reconsideration of this Court's Order of February 26, 1990, and the Response of plaintiff, Hale Fire Pump Company ("Hale"), following a telephone conference on March 29, 1990, and good cause appearing, IT IS ORDERED that the Motion of defendant, Iowa-American, for Reconsideration is granted and this Court's Order of February 26, 1990, is hereby vacated.

IT IS FURTHER ORDERED that the Motion of defendants, Iowa-American and Martin H. Vitale, to Dismiss the Complaint is granted with respect to defendant, Martin H. Vitale, and the Complaint against the said Martin H. Vitale is dismissed without prejudice, Hale having no objection to the dismissal.

IT IS FURTHER ORDERED that Iowa-American's Motion to Dismiss the Complaint on the ground that venue is improper in the Eastern District of Pennsylvania is denied.

IT IS FURTHER ORDERED that this case shall be transferred to the United States District Court for the Southern District of Iowa on the ground that venue as to Iowa-American is improper in the Eastern District of Pennsylvania for the following reasons:

1. This is an action exclusively for patent infringement filed by Hale under 35 U.S.C. §281;

2. Venue in patent infringement suits is specially and specifically limited to those "judicial district[s] where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." 28 U.S.C. §1400(b);

3. Hale concedes that defendant, Iowa-American, does not have a regular and established place of business in the Eastern District of Pennsylvania; Hale bases its argument that venue is proper in the Eastern District of Pennsylvania on the ground that Iowa-American resides in said District;

4. Iowa-American admits that, as of the time the action was commenced, it did business in the Eastern District of Pennsylvania and was subject to jurisdiction in said District;

5. Hale contends that a recent amendment to 28 U.S.C. §1391(c) providing that "For purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced . . . ," provides a basis for venue in the Eastern District of Pennsylvania in this case;

6. The recent amendment to 28 U.S.C. §1391(c) is inapplicable to the issue of venue in patent infringement actions;

7. 28 U.S.C. §1400(b) is the sole provision for determining venue in patent infringement actions;

8. Under 28 U.S.C. §1400(b), a corporation resides only in its state of incorporation;

9. Iowa-American is incorporated in the State of Iowa and resides in the United States District Court for the Southern District of Iowa; and,

10. Iowa-American does not reside in the Eastern District of Pennsylvania as that term is used in 28 U.S.C §1400(b).

IT IS FURTHER ORDERED that the Clerk of the United States District Court for the Eastern District of Pennsylvania shall do all things necessary to transfer this case to the United States District Court for the Southern District of Iowa.

BY THE COURT:

JAN E. DUBOIS, J.

IN THE

United States District Court

FOR THE WESTERN DISTRICT OF WISCONSIN

PENDA CORPORATION,
a Wisconsin corporation,
Plaintiff.

v.

DURAKON INDUSTRIES, INC.,
a Michigan corporation,
Defendant.

MEMORANDUM AND ORDER

90-C-186-S

Plaintiff Penda Corporation commenced this patent infringement action against the defendant Durakon Industries, Inc., a Michigan corporation with no regular and established place of business in Wisconsin. The action is presently before the Court on defendant's motion to dismiss for improper venue.

Venue in a patent infringement action is governed by 28 U.S.C. § 1400 (b) which provides:

> Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

It is apparently conceded that the defendant does not have a regular and established place of business in the Western District of Wisconsin. Accordingly, plaintiff's sole basis for asserting venue in the Western District of Wisconsin is that defendant "resides" in the Western District of Wisconsin.

In support of its position plaintiff relies on 28 U.S.C. § 1391(c), which provides:

> For purposes of venue under this chapter [28 U.S.C. §§ 1391-1412], a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced.

Defendant admits that it is subject to personal jurisdiction in this district. Therefore, if the definition of "reside" in § 1391(c) is applicable, present venue is proper.

In support of its position that venue is improper defendant relies upon thirty years of judicial rulings led by *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957). *Fourco Glass* addressed the relationship between § 1400(b) and § 1391(c). At that time § 1391(c) provided as follows:

> (c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business and such judicial district shall be regarded as the residence of such corporation for venue purposes.

The Court reasoned that § 1391 was a general venue statute which did not govern the definition of "reside" in § 1400:

> We think it clear that § 1391(c) is a general corporation venue statute, whereas § 1400(b) is a special venue statute applicable, specifically, to *all* defendants in a particular type of action, *i.e.*, patent infringement actions. In these circumstances the law is settled that "however inclusive may be the general language of a statute, it 'will not be held to apply to a matter specifically dealt with in another part of the same enactment. . . . Specific terms prevail over the general in the same or another statute which otherwise might be controlling.'" (citations omitted).

> We hold that 28 U.S.C. § 1400(b) is the sole and exclusive provision controlling venue in patent infringement actions, and that it is not to be supplemented by the provisions of 28 U.S.C. § 1391(c).

Fourco Glass, 335 U.S. at 228-229. Accordingly, the Court held that the broader definition of "residence" was not applicable to § 1400(b) and therefore venue could not be asserted on that basis. The definition of "residence" under § 1400(b) has long been established as the place of incorporation of the defendant. *Brunette Machine Works Ltd.* v. *Kockum Industries, Inc.*, 406 U.S. 706, 707 n.2 (1972).

Plaintiff asserts that the 1988 Judicial Improvements Act, which created the present language of § 1391(c), is a clear legislative change of the law established in *Fourco*. Four district courts have addressed this exact issue. Two have held that § 1391(c) is applicable to § 1400(b). *Regents of University of California* v. *Eli Lilly & Co.*, 1990 U.S. Dist. Lexis 4257 (N.D. Cal. 1990); *Century Wrecker Corp.* v. *Vulcan Equipment Co., Ltd.*, 1989 U.S. Dist. Lexis 16311, 13 U.S.P.Q.2d (BNA) 1715 (E.D. Tenn. 1989). The other two courts which have considered the issue have held that *Fourco* is still applicable and that § 1391(c) does not affect the judicial definition of "reside" in § 1400(b). *Doelcher Products, Inc.* v. *Hydrofoil International, Inc.*, 1989 U.S. Dist. Lexis 16758 (D. Md. 1989), *Joslyn Mfg. Co.* v. *Amerace Corp.*, 729 F.Supp. 1219 (N.D. Ill. 1990).

This Court sides with those courts which have found § 1391 (c) to be applicable to § 1400(b). The present formulation of § 1391(c) is so clear that it admits only one possible interpretation. Section 1400 is in the chapter referred to in § 1391(c) and uses the exact word "reside" which is defined in § 1391(c). There is no rational way to find an ambiguity in the operation of the statute. For this Court to continue to hold that § 1391(c) does not apply to § 1400(b) would require the Court to judicially override legislation which is absolutely clear. Because of the clarity of the present statute, the *Fourco*

analysis is no longer viable. The language of previous section 1391(c) created sufficient ambiguity to require interpretation by the Court concerning whether Congress intended the general venue provision to apply to the more specific patent infringement venue provision. All such doubt has now been removed.

The Court is somewhat perplexed by the reasoning of the District of Maryland Court in *Belcher Products*, which rejected application of § 1391(c) to § 1400(b) on the following basis:

> . . . The recent amendment to § 1391(c) in no way indicates that an alteration was intended in the operation of § 1400(b). Not only is the language of the statute itself silent in this respect, the legislative history behind the amendment of § 1391(c) is devoid of any indication that an amendment to § 1400(b) was intended or even contemplated. Absent clear indication in the language of the statute or unmistakable intent expressed in the legislative history, elementary principles of statutory construction preclude this Court from finding that venue in patent actions shall hereafter be governed by amended § 1391(c).

This Court does not find the statute to be silent concerning the scope of the definition of "reside." The statute is explicit in providing that the definition of reside shall apply to the entire chapter, including § 1400(b). Second, the Court finds no reason to resort to a review of legislative history to define what Congress has expressly set forth in the statute. Since the law as set forth in *Fourco* was well established for over thirty years, it must be assumed that Congress was aware of it and chose to override it.

Defendant further argues that Congress could not have intended § 1391(c) to apply to § 1400(b) because it would render the second test for venue in § 1400(b) superfluous is

not persuasive. As the Court noted in *Regents of the University of California*, "The amendment to § 1391(c) only redefines residence for corporate defendants; the second test in § 1400(b) is still relevant for non-corporate defendants." The application of § 1391(c) to § 1400 creates no superfluous provisions in the statute.

The Court concludes that while § 1400(b) remains the exclusive venue provision for patent infringement suits, the definition of the term "reside" in § 1391(c) is unequivocably applicable to § 1400(b) and provides venue for this case in the Western District of Wisconsin.

ORDER

IT IS ORDERED that defendant's motion to dismiss for improper venue is DENIED.

Entered this 31st day of May, 1990.

BY THE COURT:

JOHN C. SHABAZ
District Judge

United States District Court

CENTRAL DISTRICT OF CALIFORNIA

RE-HEATER, INC., a California corporation, *Plaintiff.* v. EPI PRODUCTS USA, INC., a California corporation, *Defendant.*	CASE NO. CV 90-0072 JGD ORDER DENYING DEFENDANT'S MOTION TO STAY OR TRANSFER AND FOR AN EXTENSION OF TIME

Defendant's Motion to Stay or Transfer and for an Extension of Time came on for hearing on March 19, 1990. The Court has reviewed and considered the parties' moving papers and oral argument. Based upon this review, the Court DENIES Defendant's motion to stay the proceedings and DENIES without prejudice Defendant's motion to transfer venue. The Court GRANTS Defendant's motion for extension of time; Defendant may file its responsive pleading within fourteen days of the date of this Order.

1. Stay of Proceedings

Absent special circumstances, the general rule in a patent infringement suit is that the first-filed action takes priority over subsequently filed actions involving the same patent. *William Gluckin & Co.* v. *International Playtex Corp.*, 407 F.2d 177 (2d Cir. 1969). However, if the first suit is one brought by the patent holder against a customer and the later action is one for declaratory relief filed by the manufacturer who sold the accused device to the customer, the manufacturer's suit will be given priority. *See, e.g., Id.* at 178. Under such circumstances, the first suit will be stayed if the action is brought in a jurisdiction where the manufacturer could not be sued for infringement. *See Codex Corp.* v. *Milgo Electronic Corp.*, 553 F.2d 735, 738 (2d Cir. 1977).

Plaintiff's cause of action is based upon Defendant's sale, not manufacture, of a product that Plaintiff alleges infringes its patent. Defendant's product is manufactured by Prism Technologies, Inc. ("Prism"), an Illinois corporation with its principal place of business in Chicago. Prism, the manufacturer of the accused product, filed suit for declaratory relief in Illinois shortly after this action was initiated. Thus, in order to avoid the possibility inconsistent judgments in these two actions, this suit should be stayed if Prism could not have been sued in this district.

An action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business. 28 U.S.C. Section 1400(b). A defendant that is a corporation is deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced. 28 U.S.C. Section 1391(c). Prism's salesmen regularly appear at consumer trade shows in Los Angeles and Southern California selling Defendant's products to consumers in California. As Prism's contacts appear sufficient to establish personal jurisdiction in California, venue for a patent infringement action involving Prism would also be proper in California. *Century Wrecker Corp.* v. *Vulcan Equipment Co. Ltd.* 13 U.S.P.Q.2d 1715 (E.D. Tenn. 1989). Because Prism would be subject to suit in California, it would be possible to transfer the Illinois action to the Central District and consolidate it with the instant action in order to avoid duplicative litigation with possibly inconsistent results.

Finding the "customer action" exception to be inapplicable here, the Court must examine convenience factors and any harm caused by delay in resolving stayed issues. *Kahn* v. *General Motors Corp.*, 889 F.2d 1078, 1082 (Fed. Cir. 1989). The parties to this action are California corporations with their principal places of business within the Central District. Furthermore, the principal witnesses reside in Los Angeles.

Plaintiff has a "special interest" in proceeding against Defendant. *Codex Corp.* v. *Milgo Electronic Corp.*, 553 F.2d at 738 n.6. Defendant is selling its product under its own trademark, without indicating on the product or the packaging that the product is manufactured by another party. *See Eutectic Corp.* v. *Metco., Inc.*, 346 F. Supp. 845 (E.D.N.Y. 1972). Defendant has a vast nationwide distribution network in which its products are sold. *Cf. United States Time Corp.* v. *Hamilton Watch Co.*, 327 F.2d 338, 339 (2d Cir. 1964). In addition, Defendant has embarked upon massive marketing effort to promote its product. These facts suggest Plaintiff could suffer substantial harm if this action is stayed and Defendant is allowed to continue selling allegedly infringing products. In sum, this action should not be stayed pending the outcome of the proceeding in the Northern District of Illinois and Defendant's Motion to Stay is denied.

2. Transfer of Venue

In the alternative, Defendant requests this action be transferred to the Northern District of Illinois where it may be consolidated with Prism's action against Re-Heater. Section 1404(a) of the United States Code provides that a change of venue is appropriate "[f]or the convenience of parties and witnesses" and "in the interest of justice . . . ." As discussed above, the parties and most, if not all, of the witnesses are located in the Central District.

On the other hand, consolidation with the Illinois action would eliminate the possibility of inconsistent findings of infringement and of the patent's validity. Re-Heater believes personal jurisdiction is lacking in the Illinois action and expects an early dismissal of that case. Re-Heater's only contacts with the Illinois forum arise from less than $2000 per year worth of business it conducts in Illinois. If the Illinois action is dismissed, then the possibility of inconsistent rulings would not longer warrant transfer of this action. As such, the Court denies Defendant's motion to transfer venue without prejudice. In the event the Illinois action is not dismissed

for lack of personal jurisdiction over Re-Heater, the motion to transfer may be renewed.

3. Extension of Time

Defendant requests a fourteen day extension to file an Answer and Counterclaim. On January 29, 1990, the parties entered into a stipulation allowing Defendant until February 15, 1990 to file an answer or "otherwise plead to the Complaint." Defendant has not yet filed a responsive pleading, but its motion to stay proceedings filed on February 15, 1990 may be construed as a pleading contemplated by the stipulation. As such, Defendant's request is granted; Defendant may file a responsive pleading within fourteen days of this Order.

IT IS SO ORDERED.

Dated: Mar 20, 1990

JOHN G. DAVIES
United States District Judge

IN THE

United States District Court

FOR THE DISTRICT OF MARYLAND

LEONARD W. ROSS, JR.

v.

JAMES R. TUERK, et al.

CIVIL NO. JH-89-2487

ORDER

For the reasons stated in the accompanying memorandum of even date, it is this 19th day of October, 1989, by the United States District Court for the District of Maryland,

ORDERED:

1. that the defendants' motion to dismiss for lack of venue BE, and the same hereby IS, GRANTED; and

2. that the Clerk CLOSE this case; and

3. that the Clerk mail copies of this Order and the foregoing Memorandum to the plaintiff and counsel of record.

JOSEPH C. HOWARD
United States District Judge

LEONARD W. ROSS, JR., Plaintiff-Appellant, v. JAMES ROBERT TUERK and AERO INDUSTRIES, INC., Defendants-Appellees

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No. 90-1075

United States Court of Appeals
FOR THE FEDERAL CIRCUIT

1990 U.S. App. LEXIS 19766

November 8, 1990, Decided

NOTICE: [*1]

RULE 47.8. OPINIONS AND ORDERS DESIGNATED AS UNPUBLISHED SHALL NOT BE EMPLOYED AS PRECEDENT BY THIS COURT, AND MAY NOT BE CITED BY COUNSEL, EXCEPT IN SUPPORT OF A CLAIM OF RES JUDICATA, COLLATERAL ESTOPPEL, OR LAW OF THE CASE. ANY PERSON MAY REQUEST THAT AN UNPUBLISHED OPINION OR ORDER BE REPREPARED AND REISSUED FOR PUBLICATION, CITING REASONS THEREFOR. SUCH REQUEST WILL BE GRANTED OR DENIED BY THE PANEL THAT RENDERED THE DECISION.

PRIOR HISTORY:

Appeal from the United States District Court for the District of Maryland; Civil Action No. JH-89-2487.

JUDGES: Newman and Plager, Circuit Judges, and Allen Sharp, * District Judge.

*The Honorable Allen Sharp, Chief Judge, United States District Court for the Northern District of Indiana, sitting by designation.

OPINION BY: PLAGER

OPINION: DECISION

Ross appeals from a decision of the United States District Court for the District of Maryland, Civil No. JH-89-2487 (Oct. 19, 1989), dismissing his action for improper venue. On the basis of our holding in VE Holding Corp. v. Johnson Gas Appliance Co., Nos. 90-1270, -1274 (Fed. Cir. Oct. 24, 1990), we affirm in part, vacate in part, and remand for further proceedings consistent with this opinion.

OPINION

Ross filed an action in the District Court for the District of Maryland for patent infringement against the defendants, Aero Industries, Inc. ("Aero") and James Robert Tuerk ("Tuerk"), President of Aero. The district court granted defendants' motion to dismiss the action for lack of venue over either defendant, under 28 U.S.C. § 1400(b) (1988). Ross appealed to this court.

Section 1400(b) dictates that venue is proper when either of two tests are satisfied: (1) where the defendant resides, or (2) where the defendant has committed acts of infringement and has a regular and established place of business. We will first consider the second test.

On the record before us, we concur with the district court that under the second test, venue is improper in the District of Maryland as to both defendants. Neither of the defendants has a regular and established place of business in Maryland.

The first test for venue, i.e., "where the defendant resides," with respect to individuals means "domicile." Fourco Glass Co. v. Transmirra Prods. Corp., 353 U.S. 222, 226 (1957). Because Tuerk is not domiciled in Maryland, the district court properly held that venue was improper with respect to Tuerk under the first test.

As we in VE Holding, with respect to a defendant that is a corporation, the first test for venue under § 1400(b), in light

of the 1988 amendment to § 1391(c), is not limited to the state of incorporation, but extends to whether the defendant was "subject to personal jurisdiction" in the district of suit at the time the action was commenced. 28 U.S.C. §§ 1391(c) & 1400(b) (1988). Aero is incorporated in Indiana and has its principal place of business in Indianapolis, Indiana. Aero further has manufacturing or sales facilities, or both, in Nebraska, Pennsylvania and Indiana. On the record before us, we are unable to determine whether Aero was subject to personal jurisdiction in the District of Maryland at the time the action was commenced. We must, therefore, with respect to Aero, vacate the district court's holding of improper venue under the first test of 1400(b), and remand this case to the district court for further proceedings consistent with this opinion.

Aero contends that Ross's pro se appeal to this court is frivolous and therefore requests damages and double costs, citing Rule 11 of the Federal Rules of Civil Procedure. Rule 11 sanction, however, are not available on appeal. Hays v. Sony Corp. of America, 847 F.2d 412, 419-20, 7 USPQ2d 1043, 1050 (7th Cir. 1988). The appropriate basis for sanctions on appeal is Rule 38 of the Rules of Appellate Procedure. For obvious reasons, no sanctions are warranted in this case.

affixing proprietary rights notices to documents embodying technical information created in whole or in part with contractor funds, and which, without the authorization of the contractor, permit the Government to remove proprietary rights notices from such documents.

RESOLUTION 107-7

RESOLVED, that the Section of Patent, Trademark and Copyright Law opposes in principle any federal procurement regulations which require evidentiary records for supporting contractor notifications, listings, justifications and representations, or the like, in respect of proprietary technical information created prior to the effective date of the regulation.

RESOLUTION 110-1A

RESOLVED, that the Section of Patent, Trademark and Copyright Law opposes in principle any Congressional legislation that would prohibit utility patents on non-human life forms higher than microorganisms and plants or that would place a moratorium on the granting of such patents by the Patent and Trademark Office.

RESOLUTION 204-1

RESOLVED, that the Section of Patent, Trademark and Copyright Law favors in principle the adoption by each of the States of a uniform state trademark application form and the promulgation by each State of rules (or the enactment of laws) accepting typewritten state trademark applications, the models for which could be supplied by the Section upon request of the Secretaries of State.

RESOLUTION 303-1

RESOLVED, that the Section of Patent, Trademark and Copyright Law favors in principle the enactment of legislation to change the fee schedule of the Copyright Office to reflect results of inflation; and Specifically, the Section approves H.R. 1622 (Kastenmeier). 101st Congress, or similar legislation, to amend Title 17, United States Code, to change the fee

schedule of the Copyright Office, and to make certain technical amendments.

RESOLUTION 308-1
RESOLVED, that the Section of Patent, Trademark and Copyright Law opposes in principle exertion of control in the nature of copyright, quasi-copyright, license, or unreasonable financial or media restrictions, by government agencies on the availability or distribution of inherently governmental works, such as judicial decisions, statutes, legislative records, attorney general opinions, and the rules or decisions of administrative or regulatory agencies, or public information contained in government maintained records such as corporate records or UCC files, unless such works or information properly fall under existing exceptions to public disclosure such as those relative to security, law enforcement or personal information.

RESOLUTION 308-2
RESOLVED, that the Section of Patent, Trademark and Copyright Law is opposed in principle to copyrights in numbers or names per se by which state statutes are identified.

RESOLUTION 401-1
RESOLVED, that the Section of Patent, Trademark and Copyright Law opposes in principle any special venue provisions for patent infringement actions; and Specifically, the Section favors the repeal of 28 U.S.C. §1400 (b) and 28 U.S.C. §1694, leaving venue in patent infringement actions to determination under the general venue statute, 28 U.S.C. §1391.

RESOLUTION 401-3
RESOLVED, that the Section of Patent, Trademark and Copyright Law favors in principle the filing in Federal Courts of pleadings, motions or other papers totally prepared by lead counsel and signed by him/her, without subjecting local counsel filing such papers to sanctions under Rule 11 of the Federal Rules of Civil Procedure.

DIVISION II

Chairman Previto noted that Division II had 2 resolutions: Resolution 202-1 was classified Class 2, recommitted and Resolution 204-1 was classified Class 2, approved. Both classifications were ratified without dissent.

DIVISION III

Division III resolutions were introduced by Mr. J. Michael Cleary, Division III Chairman. Mr. Cleary indicated that the only resolution scheduled for full debate was Resolution 302-1. Resolution 308-2 would be debated on Monday, August 7, due to the unavailability of the Committee 308 chairman.

Chairman Previto explained the council classifications of the remaining Division III resolutions. Resolution 302-1 was classified Class 3, rest as a committee report; Resolution 303-1 was classified Class 2 approved. Resolution 308-1 was classified Class 2 approved. Council's classifications were approved without dissent.

DIVISION IV

Chairman Previto began the discussions in Division IV by explaining a correction to Resolution 401-1, changing the word "favors" to the word "opposes." The Division IV resolutions were then introduced by Mr. Kenneth E. Madsen.

Resolution 401-1

Mr. Madsen explained the rationale behind the resolution which opposes the current special venue provision for patent infringement actions contained in 28 U.S.C. §1694.

Mr. Douglas Wyatt, New York, New York, rose in support of the resolution, stating: "The battles over venue have been a device to defeat patents. They have discouraged patent

owners from filing lawsuits. They have been generally a negative factor in lowering the value of a patent's feasibility to stop an infringement."

Chairman Previto then called for a voice vote on the resolution, and the resolution carried. Mr. Robert Rohrback, Chicago, Illinois, rose to request a clarification of the voice vote. On clarification, it was determined that resolution 401-1 carried with 118 for and 6 against.

Resolution 401-2

Resolution 401-2 was presented by Bill Pravel, Subcommittee Chairman. Mr. Pravel explained that, in circumstances where new prior art is placed in evidence before the Court, the Federal Circuit explanation of the burden of proof can be confusing, particularly to juries. He explained that, in the committee's opinion, the solution is "to use a standard in the burden of proof which is well-known and well-accepted by the Courts, and is well-defined in the preponderance of the evidence rule."

Mr. Robert Rohrback, Chicago, Illinois, rose in opposition to the resolution. He explained that the reason for the "clear and convincing standard" is not a presumption that the Patent Office did its job, but that "historically, the courts have said patent owners and inventors are a special class of people entitled to

Patents

CAFC WILL CONSIDER WHETHER NEW LAW CHANGED PATENT VENUE

The U.S. Court of Appeals for the Federal Circuit agreed in an unpublished order to review a district court decision that recent amendments to the general venue statute have the effect of requiring only a showing of personal jurisdiction to establish venue in a patent infringement suit. Although courts have complained about the dearth of legislative history on the general applicability of the §1391(c) of Title 28, background documents from the Administrative Office of the United States Courts address the issue. (*Century Wreckers Corp. v. Vulcan Equipment Co. Ltd.*, CA FC, Misc. No. 279, 3/22/90)

Background

Venue for patent suits, under 28 USC 1400(b), is in the district where the defendant resides, or where the defendant committed the infringing acts *and* has a regular place of business. The general federal venue provision for corporate defendants at 28 USC 1391(c), until 1989, provided for venue in a district where the defendant is incorporated, licensed to do business, or doing business, and that such district is regarded as the corporation's residence "for venue purposes."

What about a West Virginia corporation doing business in New York that is sued for infringement in the Southern District of New York? More than 30 years ago, the Second Circuit held that the phrase in §1391(c), "such judicial district shall be regarded as the residence of such corporation for venue purposes," controls the terms in §1400(b), "where the defendant resides." See *Transmirra Products Corp. v. Fourco Glass Co.*, 233 F2d 885, 109 USPQ 325 (CA 2 1956).

The Supreme Court reversed, ruling that the patent venue provision at §1400(b) is not supplemented by the general venue provision at §1391(c). See *Fourco Glass Co. v. Transmirra Products Corp.*, 355 U.S. 222, 113 USPQ 234 (1957). *The Fourco* Court observed that, however inclusive the general language of a statute may be, it will not be held to apply to a matter specifically dealt with in another part of the same enactment. The Court followed its prior ruling in *Stonite Products Co. v. Melvin Lloyd Co.*, 315 US. 561, 52 USPQ 507 (1942), that reached a similar conclusion as between the patent venue statute and a multi-district venue statute, adding that the legislative history revealed no intent to change in the alow since the *Stonite* decision.

In 1988, Congress enacted the "Judicial Improvements and Access to Justice Act" (PL 100-702), and, effective Feb. 17, 1989, §1391(c) reads as follows: "(c) for purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced."

Last December, the U.S. District Court for the Eastern District of Tennessee ruled that the words "for purposes of venue under this chapter" added in 1988 to §1391(c) control the terms in §1400(b), "where the defendant resides." See *Century Wreckers Corp. v. Vulcan Equipment Co. Ltd.*, 13 USPQ2d 1715 (DC ETenn 1989), 39 PTCJ 225. Thus, the court concluded, patent venue is satisfied if personal jurisdiction over the defendant can be established. The *Century Wreckers* court stated that it was "unable to find any express authority for the proposition that Congress intended to supplement §1400(b) with §1391(c)." However, the court found that the revised §1391(c) "plainly indicates that the definition of 'reside' contained therein is to be applied across the board to all the venue provisions found in Chapter 87 of Title 28, United States Code."

The U.S. District Court for the Northern District of Illinois, however, recently ruled that the revised §1391(c) does not modify the special patent venue statute. See *Joslyn Manufacturing Co. v. Amerace Corp.*, 39 PTCJ 371. The court observed that it needed "a clear indication of congressional intent to change the venue rules for patent infringement." Instead, the legislative history, according to the court, reveals that the statute was amended to restrict venue in multidistrict states to the district where a corporation is subject to personal jurisdiction. "Because the congressional history shows no clear intent to change settled law, we conclude that the 1988 amendment of §1391(c) had no effect on the exclusivity of §1400(b)," the court concluded. A Maryland district court reached the same conclusion in *Doelcher Products Inc. v. Hydrofoil Int'l Inc.*, 39 PTCJ 319.

Venue Decision Will Be Reviewed

The U.S. Court of Appeals for the Federal Circuit in a March 22 unpublished order agreed to take the interlocutory appeal from the Tennessee court's decision in *Century Wreckers.*

The controlling question of law certified by the district court is "whether, in light of the recent amendments to the general venue stature contained in 28 USC 1391(c), the first clause of 28 USC 1400(b) now defines a corporate defendant to 'reside' in any judicial district in which that corporation is subject to personal jurisdiction at the time the action commenced." The Federal Circuit order signed by Judge Archer noted that this is a question of first impression.

Supporting Documents

The district courts that have examined the issue have all complained about the dearth of legislative history demonstrating that Congress intended to modify 1400(b). The blanket applicability of §1391(c) was not addressed on the floor of

Congress when the amendments were passed, nor mentioned in the House Judiciary Committee Report. Although the proposal developed within the Judicial Conference of the United States, this issue is likewise not addressed in the Report of the 1987 Proceedings of the Judicial Conference, in the Report of the Committee on Court Administration to the Judicial Conference, or in the Report of the Subcommittee on Federal Jurisdiction to the Committee on Court Administration.

However, PTCJ has obtained from the Administrative Office of the United States Courts documents that do address the proposal's blanket applicability. The proposal to amend §1391(c) originated in a 1985 memorandum by Judge William W. Schwarzer to the members of the Judicial Conference Subcommittee on Federal Jurisdiction to the Committee on Court Administration.

Judge Schwarzer wrote in his memorandum as follows:

> [Text] It is not clear how for Section 1391(c) defines corporate residence for purposes of special venue statutes. The statute could be clarified by stating that it applies for purposes of determining venue under any statute.
>
> A separate question is whether Section 1391 could be read as *limiting* venue in actions by or against corporations under other special statutes or rules. It may be useful to attempt to clarify this question. [End Text]

In an interview with PTCJ this week, Judge Schwarzer, now the director of the Federal Judicial Center in Washington, D.C., stated that the proposal he initiated had a very narrow purpose and was not intended to overrule any special venue statute.

At Judge Schwarzer's suggestion, Professor Edward H. Cooper, the reporter for the subcommittee, addressed the proposed changes to §1391(c) in a 1986 memorandum of his own. Professor Cooper is a co-author of Wright, Miller, &

Cooper, *Federal Practice and Procedure*, which comments on the *Fourco* decision at 15 Fed. Pract. & Proc.2d §3823.

Professor Cooper wrote in his memorandum as follows:

> [Text] *Other Venue Provisons.* The definition of corporate residence in §1391(c) now provides a basis for applying the substantial number of venue statutes enacted as part of various substantive federal laws. As a matter of caution, the proposal limits its definition of residence to the venue provisions gathered in Chapter 87 of the Judicial Code, 28 U.S.C. §§1391 through 1412. If the proposal were enacted in its present form, it would be necessary to recreate definitions of residence for the specialized venue statutes. It may be that little is lost by this change, but it is a question that deserves some reflection. [End Text]

The memoranda of Judge Schwarzer and Professor Cooper appear in the text section.

> **PTCJ COMMENT** But for its limitation to Chapter 87, the language of general applicability added to §1391(c) in 1988 — "For purposes of venue under this chapter, a corporation shall be deemed to reside" — does not seem significantly different from the general applicability language construed by the *Fourco* Court — "such judicial district shall be regarded as the residence of such corporation for venue purposes." It remains to be seen whether the new language of §1391(c) manages to overcome the *Fourco* maxim that, however inclusive the general language of a statute may be, it will not be held to apply to a matter specifically dealt with in another part of the same enactment.

ORDER

A suggestion for rehearing in banc having been filed in this case, and a response thereto having been invited by the court and filed,

UPON CONSIDERATION THEREOF, it is

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, declined.

FOR THE COURT,

FRANCIS X. GINDHART
Clerk

Dated: December 12, 1990

cc: THOMAS G. SCAVONE
JOHN A. ARTZ
JON O. NELSON, CLAUDE HAMRICK,
ROBERT C. MILLER

CENTURY WRECKER V VULCAN EQUIP. CO., 90-1287
DCT — CIV-1-89-310

Note: This order has not been prepared for publication in a reporter.

Note: This opinion has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

United States District Court

EASTERN DISTRICT OF TENNESSEE
SOUTHERN DIVISION

CENTURY WRECKER CORPORATION,
Plaintiff,

v.

VULCAN EQUIPMENT COMPANY, LTD.,
and HOLMES INTERNATIONAL, INC.,
Defendants.

CIV-1-89-310

MEMORANDUM

This matter is presently before the Court upon the plaintiff's motion to amend the complaint to add Vulcan Equipment Company, Inc. ("Vulcan, Inc."), as a party defendant in this case (Court File No. 33). Defendant Vulcan Equipment Company, Ltd. has filed a memorandum in opposition to the plaintiff's motion (Court File No. 46). After carefully considering the arguments of the parties the Court concludes that the motion is well taken and should be GRANTED.

The plaintiff, Century Wrecker Corporation, filed this patent infringement suit on July 7, 1989. The plaintiff sued Vulcan Equipment Company, Ltd. ("Vulcan, Ltd.") and Holmes International, Inc. The plaintiff in its motion to amend the complaint seeks to add as a party defendant Vulcan, Inc., which is the United States sister corporation of the Canadian based defendant, Vulcan, Ltd. The plaintiff asserts that Vulcan, Inc. has subjected itself to the jurisdiction and venue of this Court by carrying out substantial trade and business within Tennessee, including the sale of infringing tow trucks in this district (Court File No. 34). The plaintiff bases its assertion of venue on 28 U.S.C. § 1391(c), the general venue statute, in combination with 28 U.S.C. § 1400(b), the specific patent venue statute (Court File No. 34).

Section 1400(b) states that an "action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." Section 1391(c) states that:

> For purposes of venue under this *chapter*, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced. In a State which has more than one judicial district and in which a defendant that is a corporation is subject to personal jurisdiction at the time an action is commenced, such corporation shall be deemed to reside in any district in that State within which its contracts would be sufficient to subject it to personal jurisdiction if that district were a separate State, and, if there is no such district, the corporation shall be deemed to reside in the district within which it has the most significant contacts (emphasis added).

The issue here is whether § 1400(b) must be read in combination with § 1391(c). Vulcan, Ltd. asserts that § 1400(b) is the exclusive provision under which venue is to be determined in patent infringement cases.

In a long line of decisions beginning with *Fourco Glass Co.* v. *Transmirra Prod. Corp.*, 353 U.S. 222, 1 L. Ed. 2d 786 (1957), the federal courts have held that "28 U.S.C. § 1400(b) is the sole and exclusive provision controlling venue in patent infringement actions, and that it is not to be supplemented by the provisions of 28 U.S.C. § 1391(c)." *Id.*, 353 U.S. at 229, 1 L. Ed. 2d at 791; *see also Schnell* v. *Peter Ekrich & Sons, Inc.*, 365 U.S. 260 (1961); *Dual Mfg. & Engineering* v. *Burris Industries*, 531 F.2d 1382 (7th Cir. 1976); *Ingersoll-Rand Co.* v. *Rockwell International Corp.*, 420 F. Supp. 277 (S.D. Fla. 1976).

The plaintiff nonetheless maintains that recent amendments to 28 U.S.C. § 1391(c) support its argument that the general venue statute is to be read in conjunction with § 1400(b), the specific patent infringement venue provision. Congress amended 28 U.S.C. § 1391(c) as part of the 1988 Judicial Improvements Act. Prior to 1988, § 1391(c) read as follows:

> (c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.

The plaintiff, Century Wrecker Corporation, argues that the 1988 amendments substantially broaden the venue statute and, in effect, broaden the venue possibilities of suit against corporations by making the terms of § 1391(c) applicable to § 1400(b) (Court File No. 44).

As set forth above § 1391(c) now begins by stating "[f]or purposes of venue *under this chapter* . . . " (emphasis added). The chapter referred to is Chapter 87 of Title 28, United States Code which includes § 1400. The plaintiff maintains that since § 1391(c) was revised after the *Fourco Glass* case and its progeny, Congress meant to apply the new standards of § 1391(c) to § 1400(b) (Court File No. 44). As the plaintiff acknowledges that interpretation and application of the venue provisions would vitiate thirty years of legal precedent.

The Court has been unable to find any express authority for the proposition that Congress intended to supplement

§ 1400(b) with § 1391(c). Indeed, the published legislative history of revised § 1391(c) is silent on this issue.[1]

Since the official legislative history is silent on whether Congress sought to supplement § 1400(b) with § 1391(c), and because no case authority exists regarding this issue, the Court must draw upon general principles of statutory construction in resolving this matter. A recognized rule of construction of statutes is to look to the law when the statute was enacted in order to see for what it was intended as a substitute, and the defects in the old law sought to be remedied by the new statute. 73 Am.Jur.2d *Statutes* § 181 (1974). Indeed, it will be presumed that a legislature did not intend to overturn established rules of law unless an intention to do so plainly appears by expressed declarations. *Id.*

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[1] The official legislative history of revised § 1391(c) does not address the issue involved in this case. The history reads, in part, that:

> Venue generally turns on one of two considerations: the place where the claim arose or the residence of the parties. When one or more of the parties is a corporation, venue problems arise in determining a corporation's "residence." The (old) general venue statute defines the residence of a corporation as "any judicial district in which it is incorporated or licensed to do business or is doing business." 28 U.S.C. § 1391(c). Read literally, the statue appears to make venue proper in *any* district in a multidistrict state in which a corporation is incorporated, licensed to do business, or doing business.
>
> The committee concluded that a corporation for venue purposes should be deemed to reside in any judicial district in which it was subject to personal jurisdiction at the time the action was commenced. In multidistrict states in which a corporation is not incorporated or licensed to do business, the venue termination should be made with reference to the particular district in which a corporation is sued. Thus, for example, a corporation that confines its activities to Los Angeles (Central California) should not be required to defend in San Francisco (Northern California) unless, of course, venue lies there for other reasons. This amendment would accomplish this purpose (emphasis in original).
>
> 1988 U.S. Code, Cong. & Admn. News 5982, 6031.

However, "the meaning of the statute must, in the first instance, be sought in the language in which the act is framed, and if that is plain, . . . the sole function of the courts is to enforce it according to its terms." *Caminetti* v. *United States*, 242 U.S. 470, 37 S. Ct. 917, 61 L. Ed. 442 (1917); *see also McBarron* v. *S & T Industries, Inc.*, 771 F.2d 94, 97 (6th Cir. 1985); *Sec. and Exch. Com'n* v. *Ambassador Church*, 679 F.2d 608, 611 (6th Cir. 1982); *Guarantee Electric Co.* v. *Big Rivers Electric Corp.*, 669 F. Supp. 1371, 1377 (W.D. Ky. 1987). "If the language is plain, unambiguous and uncontrolled by other parts of the act or other acts upon the same subject the court cannot give it a different meaning." 2A N. Singer, *Sutherland Stat. Const.* § 46.01 at 74 (4th Ed. 1984). Moreover, "[t]he change in language in a statute is considered some evidence of a change in purpose; . . . " 1A N. Singer, *Sutherland Stat. Const.* § 22.13 at 212 (4th Ed. 1985).

In the present case the change of language in § 1391(c) apparently modifies significantly § 1400(b). Indeed, the revised § 1391(c) plainly indicates that the definition of "reside" contained therein is to be applied across the board to all the venue provisions found in Chapter 87 of Title 28, United States Code.[2] Accordingly, the Court must conclude that for purposes of § 1400(b), "resides" is defined as "any judicial district in which [a defendant corporation in a patent infringement suit] is subject to personal jurisdiction at the time the action is commenced." 28 U.S.C. § 1391(c).

Although the Court has been unable to find any express authority on this issue, the legislative history impliedly supports the conclusion that Congress intended to supplement § 1400(b) with § 1391(c), at least insofar as the definition of the term "resides" is effected. As early as December 1985 the proposed redraft of § 1391(c) included the language "[f]or purposes of venue under this chapter. . . . " Report of the Subcommittee on Federal Jurisdiction to the Committee on

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[2] Chapter 87 includes §§ 1391-1412.

Court Administration, p. 11 (December 1985). Significantly, that language had not been changed after almost two years of further consideration of changes regarding § 1391(c). Report of the Judicial Conference Committee on Court Administration (September 1987). Finally, in 1988 Congress adopted the changes recommended by the Judicial Conference in 1985. Therefore, the Court must conclude Congress intended that § 1391(c) be applied to each and every venue provision found in Chapter 87.

Having concluded that § 1400(b) must be construed in combination with § 1391(c), the Court must determine what effect the definition of the word "reside" in § 1391(c) has upon the patent infringement venue statute as it is applied in this case. The Court must assume that whenever Congress enacts a provision it has in mind previous statutes relating to the same subject matter. *See* 2A N. Singer, *Sutherland Stat. Const.* § 51.02 at 453 (4th Ed. 1984); *see also Allen* v. *Grand Cent. Aircraft Co.*, 347 U.S. 535, 74 S. Ct. 745, 98 L. Ed. 933 (1954). Moreover, statutes on the same subject, although in apparent conflict, are construed to be in harmony if reasonably possible. 2A N. Singer, *Sutherland Stat. Const.* § 51.02 at 453. However, "[i]f there is an irreconcilable conflict between the new provision and the prior statutes, the new provision will control as it is the later expression of the legislature." *Id.* at 453-54.

In *Patel* v. *Quality Inn South*, 846 F.2d 700, 704 (11th Cir. 1988), the court considered whether the Immigration Reform and Control Act of 1986 (IRCA) impliedly amended the Fair Labor Standards Act (FLSA). The court stated that "[o]nly when Congress' intent to repeal or amend is clear and manifest will we conclude that a later act implicitly repeals or amends an earlier one" (citations omitted). The court ultimately concluded that nothing in the IRCA or its legislative history suggested that Congress intended to amend the FLSA. However, the court in *Patel* was construing two separate statutes. In this case the Court is concerned with two sections

within the same chapter of the same statute. Accordingly, the Court cannot ignore the broad language in § 1391(c) and assume that Congress did not contemplate the implications inherent in such a change.

In opposing the plaintiff's motion to amend, Vulcan, Ltd. cites *Radzanower* v. *Touche Ross & Co.*, 426 U.S. 148, 496 S. Ct. 1989, 48 L. Ed. 2d 540 (1976), for the proposition that a narrowly drawn, specific venue provision is not impliedly repealed by a later-enacted, broader, more generally applicable venue provision. However, *Radzanower*, like *Patel*, dealt with two separate statutes. Moreover, the revisions to § 1391(c) clearly indicate that the definition of the term "reside" is to be applied to all sections within Chapter 87. That was not the case in *Radzanower*. Although nothing in the legislative history indicates that Congress recognized that the revisions in § 1391(c) would vitiate thirty years of precedent regarding venue in patent infringement cases, this Court cannot assume that Congress was unaware of such well-established law and the effect the change of language in § 1391(c) would have upon § 1400(b).

Therefore, in light of the language in revised § 1391(c) the Court must conclude that venue in this district is proper as to Vulcan, Inc. Section 1400(b) states that an "action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." Under § 1391(c) a corporation is deemed to reside for purposes of venue in any judicial district in which it is subject to personal jurisdiction. There is no question that Vulcan, Inc. is subject to personal jurisdiction in this district.

Thus, the first clause of § 1400(b) is given new meaning insofar as the definition of residency has been changed in accordance with revised § 1391(c). The Court acknowledges that the second clause of § 1400(b) becomes superfluous under the facts of this case in view of the construction given

to § 1400(b) in combination with § 1391(c). However, the plain language of § 1391(c) indicates that the new definition of residency must be applied across the board to all venue provisions found in Chapter 87.

Accordingly, the plaintiff's motion to amend the complaint to add Vulcan, Inc. as a party defendant in this case will be GRANTED. An appropriate order will enter in accordance with this memorandum.

United States District Judge

United States District Court

EASTERN DISTRICT OF TENNESSEE
SOUTHERN DIVISION

CENTURY WRECKER CORPORATION,
Plaintiff,

v.

VULCAN EQUIPMENT COMPANY, LTD., and HOLMES INTERNATIONAL, INC.,
Defendants.

CIV-1-89-310

ORDER

This matter is presently before the Court upon the plaintiff's motion to amend the complaint to add Vulcan Equipment Company, Inc. (Court File No. 33) as a party defendant. In accordance with the accompanying memorandum and for the reasons set forth therein the motion is GRANTED.

IT IS SO ORDERED.

ENTER.

United States District Judge